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A CORRESPONDENCE  
BETWEEN  
AN AMATEUR AND A PROFESSOR  
OF  
POLITICAL ECONOMY

TWO LETTERS FROM THE AMATEUR URGING A PROFESSOR IN  
THE UNIVERSITY OF CALIFORNIA TO STUDY "PROGRESS  
AND POVERTY." THE PROFESSOR'S REPLY; AND  
A FINAL EFFORT BY THE AMATEUR

NOTES AND APPENDIX

BY

T. H. BENTON DE WITT, PH.D.

These letters having come into my possession from the amateur himself, who playfully defies me to print them, I accept his challenge. Here they are:

On the part of single-tax zealots (most of whom have not the faintest conception of economic science) there has been so much letter-writing to those whom they choose to call "Orthodox Economists," that the "Orthodox," weary of the platitudes, usually disdain to reply. This correspondence, consisting of three letters (by one who has read only to confuse himself), addressed to Professor Plehn, of the University of California, and his one, convincing, dignified reply is printed in the belief that it can be widely used to silence men who know not of what they speak. Yet it is printed, less in the spirit of exultance than of sadness, and, if possible, to arouse thought on a most serious subject. To excite the reasoning powers to action. To develop *real* students in a sphere where *real* study is needed.

T. H. BENTON DE WITT, PH.D.

SAN JOSÉ, CALIFORNIA  
December 18, 1897

PHILADELPHIA  
1898



HB 174  
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“The domain of law is not confined to physical nature. It just as certainly embraces the mental and moral universe; and social growth and social life have their laws as fixed as those of matter and motion. Would we make social life healthy and happy we must discover those laws, and seek our ends in accordance with them.”

## A CORRESPONDENCE

BETWEEN

### AN AMATEUR AND A PROFESSOR OF POLITICAL ECONOMY.

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CAMDEN, NEW JERSEY, November 4, 1897.

TO CARL C. PLEHN,

Professor of Political Economy,  
University of California, Berkeley.

DEAR SIR,—Two or three years ago, when Louis F. Post, at the University, addressed the classes of Political Economy upon the Single Tax, I remember you said that the subject was one to which you had given little attention, and upon which you would express no opinion. For this reason I take the liberty of sending you a New York *Journal* containing some remarks upon the Single Tax in connection with the death of Henry George.

A much older man than you, making Political Economy my hobby, I had read a great deal upon the subject and given it, as I supposed, deep thought; when, therefore, some fifteen years ago, "Progress and Poverty" was urged upon my attention, I laughed at both the book and its supporters. Finally, a gentleman, who because of his vigorous mental grasp, and possibly also because he was rich and influential, I held in much esteem, spoke so highly of the work, that I determined to read it, note its inaccuracies and fallacies, and prepare a paper pointing them out.

In order to do this successfully I read very slowly, annotating page by page, with references to Smith and Ricardo, Malthus and Mill. But—the result! When half through the book, I, a gray-haired man, deeming myself an authority, sat spellbound at the feet of the greatest of masters.

I recognized that, as currently taught, political economy is truly a dismal science, hopeless and despairing; but that freed as George frees it, "Political Economy is radiant with hope."

I had found work to do in the world. I had found something to live for.

From your remarks to the class I am led to hope that this great comfort may also come to you.

"Progress and Poverty," opposing, as it does, principles that we have deemed altogether axiomatic, is usually repelled, often with

indignation. "The truth that I have tried to make clear will not find easy acceptance; if that could be it would have been accepted long ago. If that could be, it would never have been obscured."

Then to call Professor Plehn's attention to the terrible power of custom to deaden thought, Amateur cited part of Chapter VII. of "The Land Question," in which George imagines that a large and prosperous piratical business, established by Kidd, to have been handed down to his great-great-grandsons, and to Smith, Jones, and Robinson, who have purchased interests therein. Piracy by that time being looked upon as the most natural thing in the world, and pirates treating with contempt people who had to work.

"But at last" he supposes "that merchants get tired of losing their ships, and sailors get tired of trembling for their lives, and demand of society that piracy be stopped." Society could not for a long time be roused to listen. "Not only would all the Kidds loudly claim that to make them give up their business without full recompense would be a wicked interference with vested rights, but the justice of this claim would at first be assumed as a matter of course by all or nearly all of the influential classes,—the great lawyers, the able journalists, the writers for the magazines, the eloquent clergymen, and the principal professors in the principal universities. Nay, even the merchants and sailors, when they first began to complain, would be so tyrannized and browbeaten by this public opinion that they would hardly think of more than of buying out the Kidds, and, wherever, here and there, any one dared to raise his voice in favor of stopping piracy and at once and without compensation, he would only do so under penalty of being stigmatized as a reckless disturber and wicked foe of social order.

"If any one denies this, if any one says that mankind are not such fools, then I appeal to universal history to bear me out. I appeal to the facts of to-day.

"Show me a wrong, no matter how monstrous, that ever yet among any people became engrafted in the social system, and I will prove to you the truth of what I say.

"The majority of men do not think; the majority of men have to expend so much energy in the struggle to make a living that they do not have time to think. The majority of men accept, as a matter of course, whatever is. This is what makes the task of the social reformer so difficult, his path so hard. This is what brings upon those who first raise their voices in behalf of a great truth\* the sneers of the powerful and the curses of the rabble, ostracism and martyrdom, the robe of derision and the crown of thorns."

The truth arrived at in "Progress and Poverty" is, to most men, obscured by its very simplicity. "But so simple and clear

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\* If some good men advocating truth have been stoned, a great many more bad men disseminating evil have met with that fate.—T. H. B. DE W.

is it\* that to fully see it once is always to recognize it. There are pictures which, though looked at again and again, present only a confused labyrinth of lines or scroll work,—a landscape, trees, or something of the kind,—until once the attention is called to the fact that these things make up a face or a figure. This relation once recognized, is always afterwards clear. It is so in this case. In the light of this truth all social facts group themselves in an orderly relation, and the most diverse phenomena are seen to spring from one great principle."

So unfailingly accurate, it seems to me, is the logic of Henry George, and so precise is his language, that I should recommend the study of his writings, rather than of the text books, in order to become skilled in reasoning.

I sincerely hope that you may be induced to give the matter thought. Remembering that "Progress and Poverty" is not a diffuse, but a condensed book; requiring closest attention. That it cannot be grasped by reading reviews of it; nor by breaking in here and there to get at the gist of the matter; nor by skimming through, as one does a novel. "Pour arriver à la conception d'une théorie quelconque, il faut passer par les intermédiaires qui ont conduit l'auteur lui-même aux résultats qu'il présente," says Madame De Staël,† and the remark applies with special force to "Progress and Poverty."

With respect,

JAMES LOVE.

Some days after writing the above, Amateur, discovering that Professor Plehn had, in a book published in 1896, expressed decided views upon "Progress and Poverty," deemed it proper to write to him again, as below:

CAMDEN, NEW JERSEY, November 18, 1897.

PROFESSOR CARL C. PLEHN,

University of California, Berkeley.

DEAR SIR,—Although I knew that you had published a work upon "Public Finance," I had never seen it, and for some reason had assumed that it was a school text-book and not controversial. But yesterday, having an opportunity to examine a copy, I discovered that I was, at least partly, in error. Had I known of this expression of decided opinion I should not have written. But inasmuch as I have, and notwithstanding that it is an ungracious task, I now feel constrained to point out what I believe to be misconceptions.

For instance, on page 109, I read, "Every kind of economic wealth may, and often does under certain circumstances, yield its

\* Strange that trained economists can't see it.—T. H. B. DE W.

† Amateur evidently wished to *impress* Professor Plehn by quoting the original instead of a translation,—“To attain a conception of any theory whatever, we must pass through the intermediate ways which have conducted the author himself to the results he exhibits.”—T. H. B. DE W.



owner an unearned increment ;” and also, “The abolition of all other taxes on different forms of property would also be unjust. Every kind of economic wealth may under certain circumstances . . . yield its owner an unearned increment. Why should this escape and the unearned increment of land alone be taxed?”

This “unearned increment” argument is not Henry George’s. It occurs in the writings of John Stuart Mill (“Political Economy,” Book v., Chapter ii.), and with you I hold it to be untenable. George argues that land values (“rent”) should be taken by the community for the use of the community, not because they are unearned by the individual holders, but because they belong to the community, being by it earned or produced.

“Why should this value alone be taxed?” The reply to this composes the whole ten books of “Progress and Poverty.” It is in answer to this question, it might be said, that the work was written.

On page 107 I read, “It is unjust because the fundamental concept that land values are *solely due* (italics Amateur’s) to the presence of a large number of inhabitants is untrue.”

This is not George’s “fundamental concept,” although it might have been Ricardo’s. George differs from Ricardo, not only in asserting that increase of population operates in two ways instead of one, but also in arguing that causes other than this increase tend to increase rent. I quote from “Progress and Poverty”: “What is the force or necessity that, as productive power increases, distributes a greater and greater proportion of the produce as rent? The only cause pointed out by Ricardo as advancing rent is the increase of population.” . . . “The effect of increasing population upon the distribution of wealth is to increase rent (and consequently to diminish the proportion which goes to capital and labor) in two ways: First, By lowering the margin of cultivation. Secondly, By bringing out in land special capabilities otherwise latent, and by attaching special capabilities to particular lands. I am disposed to think that the latter mode, to which little attention has been given by political economists, is really the more important.” “Without any increase in population, the progress of invention constantly tends to give a larger and larger proportion of the produce to the owners of land.” The whole of Chapter iii., Book iv., is an argument to show that, *irrespective of the increase of population*, the tendency of improvements in methods of production and exchange is to increase rent.

You write, page 107, “It demands a perfection in the technique of administration as yet absolutely unattainable.”

The present method of excises, licenses, complex system of customs, taxes upon goods, machinery, buildings, inheritances, incomes, promissory notes, stocks, bonds, with the necessary attendants of a fleet of revenue cutters, and an army of custom-house officials, coast guards, deputy marshals, deputy assessors, spies, and informers,—a method that offers reward for its violation, and that induces lying and perjury,—would be replaced by



one single, easily assessed, easily collected, and unavoidable tax upon the value of land, and, it seems to me, would go far to bring about that "perfection in the technique of administration as yet absolutely unattainable." Chapter iii., Book viii., of *Progress and Poverty*. "The Proposition tried by the Canons of Taxation," it seems to me, makes this more than plausible.

You write, "It is not feasible, since it would not yield the necessary revenue. It is estimated that the entire rental value of the land in England falls two hundred millions short of present revenues," and in the United States you seem to accept an estimate placing "rent" at \$714,224,182.

Do you mean two hundred million pounds or dollars? Do you mean England alone? The Exchequer is Great Britain's. If "rent" justly belongs to the public, then the public should collect it, no matter how small. Your figures being true, expenses might be cut to fit the revenue, or the deficit made up by contribution. But we deny the truth of the figures. Economists and statisticians overlook or minimize all except agricultural "rent." Even Ricardo, in his famous law, seems to have in mind nothing more than farms. But considering the great extent and value of British mining lands, the great value of the railway lands, and especially the enormous value of the lands of the many towns and cities, in addition to the agricultural rents, it is hard to believe that the aggregate is not greatly in excess of that now raised by the motley tax. As for the United States, Thomas G. Shearman, in his "Natural Taxation" (New York, 1895), makes it clear, I think, that "rent" largely exceeds our present revenues.

You write, "That excluding from tax the man whose *property* (italics Amateur's) is improved by grading and metalling a street," etc., seems to be unjust.

What property is increased in value by such improvements? Only the land. This is more clearly seen where one man owns the house and another the land, a system prevailing in all English cities and not uncommon in our own.

You write, "Moreover, as improvements are not to be taxed, it would mean a heavier burden on farming lands than on city property."

Here you give the same value to two terms of different values,—"lands" and "property;" farming lands and city property. That the Single Tax would mean a lighter burden on farming *lands* than on city *lands*, and remove great burdens from working farmers, is made especially clear in Chapter xx. of *Social Problems*, headed "The American Farmer."

I do not think you always avoid a common fallacy, that of using the same term in different senses. "Nothing," says George, "can add to the force of what has been said by so many eminent authors as to the importance of clear and precise definitions, save the example (not an infrequent one) of the same authors falling into grave errors from the very cause they warned

against. And nothing so shows the importance of language in thought as the spectacle of even acute thinkers basing important conclusions upon the use of the same word in varying senses."

You say in a passage I have quoted, "Every kind of economic wealth may under certain circumstances . . . yield its owner an unearned increment. Why should this escape and the unearned increment of land alone be taxed?" Here the plain inference is that you include "land" in the term "wealth." Now, as you teach that land and labor (or, perhaps, land, labor, and capital) are factors essential to the production of wealth, by including land in wealth, there results,—that land is a factor essential to the production of land.

Upon this subject George writes, "The errors . . . which consist in confounding with wealth and capital things essentially distinct . . . are now merely vulgar errors. They are widespread, it is true, and have a deep root, being held, not merely by the less educated classes, but, seemingly, by a large majority of those who in such advanced countries as England and the United States mould and guide public opinion, make laws and administer them in the courts.\* They crop out, moreover, in the disquisitions of many of those flabby writers who have burdened the press and darkened counsel by numerous volumes which are dubbed political economy, and which pass as textbooks with the ignorant, and as authority with those who do not think for themselves. Nevertheless, they are only vulgar errors, inasmuch as they receive no countenance from the best writers on political economy."

Had I first examined your work, as I have said, you would have been spared these letters.

With respect,

JAMES LOVE.

P.S.—"Progress and Poverty" is written in the true spirit of philosophy,—the inquiring spirit. Assuming, at the very beginning to possess the principle which it should have been the aim of his many volumes to discover, Herbert Spencer becomes a special pleader, as one might say, a paid advocate for the defence. George, on the contrary, in *Progress and Poverty*, first presenting a problem to be solved, proceeds carefully and logically to its solution. "I have in this inquiry," he writes, "followed the course of my own thought. When, in mind, I set out on it I had no theory to support, no conclusions to prove. Only, when I first realized the squalid misery of a great city, it appalled and tormented me, and would not let me rest, for thinking of what caused it and how it could be cured."

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\* Amateur having omitted it, I add the closing part of this quotation as an example of George's general feeling that he is the one open-minded juror opposed to a stubborn eleven.—T. H. B. DE W.

## PROFESSOR PLEHN'S REPLY.

UNIVERSITY OF CALIFORNIA,  
BERKLEY, CALIFORNIA, November 24, 1897.

TO MR. JAMES LOVE,  
Camden, New Jersey.

DEAR SIR,—Your two letters have been received. On account of press of college work I was obliged to delay answering the first at the time of its receipt, and will now attempt to reply to both.

Briefly, my general position is that taxation should be equal. *A tax is equal when it leaves the tax-payer in the same position relative to his fellows as it found him.* This the "Single Tax" does not pretend to do. The intention of this tax is to destroy, to a certain extent at least, the receipts of the land-owner.

Private property in land is not a natural right, no more is private property in anything else. Society—or the community—is essential to all earnings. Land values are earned by the community—so are all other values—the value of the workingman's product, the value of capital—of all forms of wealth. The individual has a *right* to one kind of property no more than to any other. But we allow private property as a privilege because it works well. Private property in land, as in any other form of wealth, rests on the same basis of expediency. In the Middle Ages, when Henry George's plan was universal and the entire rental of all land went directly to the public officials, the feudal lords, we had little progress. From the settlement of America, and with the origin of private property in land among the English colonists, dates the greatest advance the world has ever made.

The most potent cause in the advance of civilization in this country has been the privilege of owning land. Settlers will not take the trouble to improve land without the stimulus of ownership. I cannot see that it would be expedient to lessen the privilege of private property in land.

In detail as to your criticism of my statement in "Introduction to Public Finance," if land values are *earned by the community*, they may be said to be *unearned* by the individual, I cannot see the point of your exception to my form of stating George's doctrine.

Again, you take exception to my statement, the *fundamental concept* of George is that land values are due to advancing population. But your own quotation sustains my statement, "The effect of increasing population upon the distribution of wealth is to increase rent . . . in *two* ways, etc."\* In Book iv., Chapter

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\* Francis A. Walker, in the *North American Review* and other places, has attacked with bitterness this notion of George, that "rent" tends to rise while wages and interest tend to fall *amid a stationary population*, provided its productive powers are increasing. His last assault is printed posthumously in the *Century Magazine* for November, 1897, "The Causes of Poverty." It would be well to read not only Chapter iii. of Book iv., but the entire book, "Effects of Material Progress upon the Distribution of Wealth," to compare with Plehn and Walker.—T. H. B. DE W.

iii., the argument is that land values rise with the increase in population on account of the increase in demand, and that improvements in production are of the same *character*,—*i. e.*, cause an increase in demand. This is very different from saying, as I do, page 107, "Introduction to Public Finance," "The value of land, like that of other wealth, depends upon the use to which it is put."

The figures I used were the best attainable. They bear simply on the proposition that "single tax" means "sole tax." If "single tax" means two or three or four or more taxes, my argument is not pertinent. My figures included city rents, mining royalties, etc., but not railroad franchises, which I do not understand that George includes.

Now, as to the poor farmer. I have recently studied the operation of the general property tax in California. (See "Studies American Economic Association," ii. 3.) I find that, according to the theory of the general property tax, the farmer pays about twenty-three per cent. more than his share. According to my preferred test—ability—the farmer pays over twice as much as he should. This injustice, or, better, inexpedient method of taxation, is already causing a depopulation of rural districts in the United States. Now, at present, part of the burden is borne by city improvements, which are larger relative to the land than the farmer's improvements relative to his. Exempt improvements and the share of the burden which must fall on farm lands would necessarily increase.

The change in terms which you criticise in the statement, "Moreover, as improvements are not to be taxed, it would mean a heavier burden on farming *land* than on city *property*," is not essential to the thought. The same truth might be stated by using the term *city land* for *city property*.

Finally, "land" is wealth, land is capital. The original and indestructible qualities are only the material out of which land capital is made. So is iron the material out of which machinery is made. I am at present at work on a theory of distribution, which does not leave room for the senseless and unbusiness-like distribution between land and capital. An elaboration and simplification both of Senior's "Analysis," which is hinted at once or twice in my "Public Finance."

What do you say, with the light of your theory, to the remarkable decline of poverty, in spite of the increase in general wealth during the last thirty years? Is the decline of poverty a proof of a retrograde in prosperity? According to George's theory, poverty should have increased with the continuance of progress. But the reverse has been the case, and poverty has decreased fifty-five per cent. since 1860.

Yours, very truly,

CARL C. PLEHN.



CLOSING LETTER.

CAMDEN, NEW JERSEY, December 2, 1897.

TO PROFESSOR CARL C. PLEHN,  
University of California, Berkeley, California.

DEAR SIR,—My first letter was written in the hope that views, which I had once held and abandoned, might in your case be provisory; that, upon certain positions at least, you might be open to conviction, and that you might be induced to study a work now become famous.

The subject is so vast. The land question is so related to every condition of modern society, affecting, as I think it does, even religion and morals and philosophy, that a correspondence can result only in tiring and irritating the correspondents. Yet, in closing, permit me to make one more effort to excite your interest.

Denying natural rights, although using the words “just” and “unjust,” you would rest your arguments on expediency. But we single taxers hold that expediency and justice always correspond,—“That alone is wise which is just; that alone is enduring which is right;” and in denying Mill’s argument for the public appropriation of rent, you feel that you are also denying George’s.

Excogitative Court. Perpetual Term.	{	In Re JOHN DOE, Plaintiff, vs. RICHARD ROE, Defendant.
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Now cometh the plaintiff, John Doe, demanding of the defendant, Richard Roe, the sum of one dollar, which said plaintiff alleges was stolen by said defendant from him the said plaintiff, who had earned it and to whom it belonged.\*

Whereupon, in answer, appeareth said defendant Roe, admitting that the dollar in question is, no doubt, an unearned increment to his, the said defendant’s, wealth. But alleging that, inasmuch as there are other forms of unearned increment, it would be unjust to seize his alone. For why should they escape while his is taken?

To which answer plaintiff Doe takes exception, alleging, with emphasis, that he demands the dollar, not because it is an unearned increment to defendant’s wealth, but solely because, having been earned by, it justly belongs to him, the plaintiff, from whom it was stolen by defendant.

To which exception defendant now rejoins. If the dollar has been earned by the plaintiff, it may be said to be unearned by defendant, and defendant cannot see the point of plaintiff’s exception to defendant’s form of stating his case.

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\* Amateur’s idea of legal form seems to be a document well peppered with “said.” In mercy I have stricken out eight.—T. H. B. DE W.

You aver that "settlers will not take the trouble to improve land without the stimulus of ownership."

*Speculators* will not take the trouble to hold land for a rise without that stimulus. Settlers are merely the first improvers. What is needed to induce *improvement* is not ownership of the land, but security for the improvements. Almost all the buildings of London stand upon *leased* land. In New York City are, among others, the Sailor's Snug Harbor estate, and the Collegiate Church estate, the first of twenty-one acres and the latter, I think, of four or five, that have always been leased in building lots, and are now closely built upon, being occupied by warehouses, hotels, and so on, among the best.

You write, "What do you say with the light of your theory to the remarkable decline in poverty, in spite of the increase of general wealth, during the last thirty years? Is the decline of poverty the proof of a retrograde in prosperity? According to George's theory, poverty should have increased with the continuance of progress. But the contrary has been the case, and poverty has declined fifty-five per cent. since 1860."

I can't think that you include California in that percentage of decline. Besides, can we be certain of such statistics? Do we read them aright? I might ask you, what about Russia two years ago? and India this year? poverty famines. Do you forget the South of Ireland? or in contemplating London's wealth forget its want? Poverty! The forty-five per cent. left even in New York, or Philadelphia, or San Francisco should make our hearts sick. The complete answers, of course, are in "Progress and Poverty," from which I quote merely a few lines from the introductory chapter. "It is true that wealth has been greatly increased, and that the average of comfort, leisure, and refinement has been raised; but these gains have not been general. In them the lowest class do not share.\* I do not mean that the condition of the lowest class has nowhere nor in anything been improved; but that *there is nowhere any improvement that can be credited to increased productive power.*" (Italics Amateur's.)

\* "It is true that the poorest may now, in certain ways, enjoy what the richest a century ago could not have commanded, but this does not show improvement of condition so long as the ability to obtain the necessaries of life is not increased. The beggar in a great city may enjoy many things from which the backwoods farmer is debarred, but that does not prove the condition of the city beggar better than that of the independent farmer."

Commencing in the latter half of last century, there has been an era of invention such as the world had never dreamed of. Labor has been endowed with a flood of wealth-producing tools, driven by the mighty force of steam. But the immediate accompaniment was a degradation of labor perhaps without parallel. Professor Thorold Rogers ("Six Centuries of Work and Wages"), confirmed by many others, shows that, in the whole history of

England, wages were at the lowest for fifty years after the wonderful invention of Watt. The factory system, with child labor, had developed, and the most cruel distress prevailed, especially in all manufacturing towns. The Act of Parliament of 1842 forbidding women to labor underground in mines "was rendered unavoidable by the fearful exposures made by a commission that had inquired into the whole subject." The Factories Act of 1844 restrained child labor somewhat; but the time of labor was not limited, and many continued to be worked twelve or more hours.—McCARTHY, "History of Our Own Times," Vol. i., Chapter xiii.

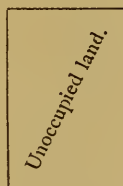
About 1840 the steamship and railroad began to develop, and in succeeding years so rapidly improved and so cheapened the means of transport that tens of thousands of workmen flowed away annually to Australia, New Zealand, South Africa, Canada, and the United States. What we might call a secondary effect of steam-power had been, as it were, to push the unoccupied land of these countries closer to England.

The situation in the first half of the century might be pictured thus :

Great  
Britain.



Average time required, 3 months.  
Expenses, \$200.

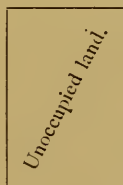


and in the latter half of the century, thus :

Great  
Britain.



Average time required,  
1 month.  
Expenses, \$50.



The same cause that had made wages higher, and the people in consequence more independent and intelligent in the United States and in Australia, had affected to some extent the people of Great Britain. That wages have risen there, *in quantity*, I think there is no doubt. That they have not risen but have declined as a *proportion* of the produce I think there is no doubt.

In the same way, in the United States, the extension of railroads west, making accessible a vast extent of unoccupied land, has tended to improve wages, but, as in Great Britain, as a *quantity* only. For, in most industries, the productive power of labor



has increased hand over hand. While, sixty years ago, one door was considered a fair day's work for one man, a planing-mill to-day turns out twenty-five to the hand. The amount of labor formerly required to make one pair of shoes or blankets, one ton of steel, one steam-engine, one five-room frame or brick dwelling, or one loaf of bread, now produces many of each. Yet the president of the Statistical Society, Sir Robert Giffin, seems elated in showing that between 1830 and 1881 wages in England had risen from fifty to one hundred per cent. His words are: "In all cases where I have found it possible from the apparent similarity of the work to make a comparison, there is an enormous apparent rise in money wages, ranging from twenty, and in most cases from fifty to one hundred per cent., and in one or two instances to more than one hundred per cent." In the case of the United States free trade among the States has temporarily aided the betterment.

However, in looking broadly about the world, one observes that this improvement is apparent only among peoples to whom uncultivated land has been made accessible. There are non-emigrating parts of Europe, all of Egypt, Asia Minor, India, China, where no betterment is perceptible. And in the case of Japan, good testimony warrants the belief that the introduction of steam and the factory system has resulted in positive evil to the working people.

As shown by George, your own State has been an object lesson. When, in 1848, gold was discovered in the placers, the land being altogether unoccupied and open, wages, even of unskilled labor, at once rose to "an ounce" a day; and ordinary interest to four or five per cent. a month. Had the land been all appropriated, as here in New Jersey, it would have been "rent" that would have risen while wages and interest would have remained without change. Accompanying the enclosure of the land and the shutting off of opportunities has been a steady rise of "rent" (or land values) and decline of both wages and interest. Yet, when one considers how greatly the productive power of labor has been increased by the introduction of wealth-producing machines, steam-engines, railroads, and so on, as well as by the greater economies that come from subdivision of industry made possible by larger population, it is hard to believe that the average production (per individual) is not greater now than in '49 or '50. But—there has been a change in "distribution."

As to the inexact use of such terms as land, capital, wealth, property, rent, interest, profits, and so on, I do not think that you differ materially from the great mass of your fellow-writers and teachers; and I know of no better presentation of the results than that of Professor Luigi Cossa in his work, "An Introduction to the Study of Political Economy," where we perceive that the writers of each country, as if actuated by the dictum of Smith that "the great object of the political economy of every country is to increase the riches and power of that country,"

form, to some extent, a national school, which is, however, not only divided into subordinate schools, but each writer of each school is at variance with his fellows, and where twenty-three hundred authors are mentioned by name, besides further hosts referred to as "and others."

Nothing perhaps better shows the increasing confusion than the evident inability of Cossa to recognize, among this mob, the very few acute thinkers; except, it may be, his definition (one of the latest) of political economy. Smith's (1776) is, "The causes of the improvement in the productive power of labor, and the order according to which its produce is *naturally* (Italics Amateur's) distributed among the different varieties and conditions of men." Mill's (1848) is, "Writers on Political Economy profess to teach, or to investigate, the nature of wealth, and the laws of its production and distribution." Fawcett's (1861) is, "Political Economy is concerned with those principles which regulate the production, the distribution, and the *exchange* of wealth" (Italics Amateur's), and then adds, "This is rather a general description than an accurate definition." Professor Perry (eighteenth edition, 1883) devotes twenty-seven pages, a whole chapter, to "The Field of the Science." Towards the conclusion of this he says, "We place the field of the science just where Whately places it, 'Catalactics or the science of exchanges;' just where the continental Kiehl puts it, 'The doctrine of value;' and just where Macleod locates it,—though we do not like the term 'quantities' in this connection,—'The science which treats of the laws which govern the relations of exchangeable quantities.'" Cossa's definition (1893) is, "Political Economy is an ordered knowledge of the cause, the essence, and the rationale of the social system of wealth,—viz., man's concern with wealth as a social factor to be grasped in its essence through its causes, its rationale, and in its relation to prosperity at large. Not wealth, which is but a complex and shifting sum of material goods, but man's business with wealth, is the subject matter of political economy. This business it views from a special point, that of the common weal." But the whole chapter of five pages is really his definition, and is so headed.

Running through all writers of all schools, however, there is a common feeling that social conditions everywhere are *natural* conditions, the outcome of unhampered human nature, which, by positive enactments, it will be necessary to hamper and restrain in order to improve. But, upon practical projects to this end, this common feeling "breaks up into an anarchy of opinion."

In the midst of this babel of dogma and doctrine appears, we believe, the very greatest of thinkers, who has, in a book, not only the most important, but the most lucid and convincing ever given by man to man, voiced a new gospel.

To quote from George, in his preface to the fourth edition, 1881, of "Progress and Poverty," "The great importance of this inquiry will be obvious. If it has been carefully and logically

pursued, its conclusions completely change the character of political economy, give it the coherence and certitude of a true science, and bring it into full sympathy with the aspirations of the masses of men, from whom it has long been estranged. What I have done in this book, if I have correctly solved the great problem I have sought to investigate, is to unite the truth perceived by the school of Smith and Ricardo to the truth perceived by the schools of Proudhon and La Salle, to show that *laissez-faire* (in its true, full meaning) opens the way to a realization of the noble dreams of socialism, to identify social law with moral law, and to disprove ideas which in the minds of many cloud grand and elevating perceptions."

My whole object in first writing to you, and my whole object now, is to induce you, if I can, to *study* this writer who has aroused an enthusiasm such as no economist ever did, so that, even if not accepting his conclusions, you will be prepared *intelligently* to combat them.

With respect,

JAMES LOVE.

P. S.—I did not think that any one would deny that increase of population tends to increase "rent." I endeavored to point out that Ricardo gave but the one cause for the tendency, and that operating in only one way,—by lowering the "margin of cultivation." And that to this George adds another: "It brings out in land special capabilities otherwise latent," as in the sandy lands upon which San Francisco now stands, and this latter mode he is disposed to think is really the most important. Besides this, he reasons, and we think conclusively proves, that "rent" will increase, even *amidst a stationary population*, where improvements in the methods of production and exchange are going on.

## APPENDIX.

BY T. H. BENTON DE WITT, PH.D.

HENRY GEORGE writes ("Protection or Free Trade," page 8), "Political economy is the simplest of the sciences. It is but the intellectual recognition, as related to social life, of laws which, in their moral aspect, men instinctively recognize, and which are embodied in the simple teachings of Him whom the common people heard gladly."

So it may seem to the unscientific; but to those who are trained, all problems of sociology, and pre-eminently the problems of political economy, are seen to be so involved with ever-varied human character and desires, that by nothing short of the slow and careful thought of keenest minds can the knots be loosed.

If a simple wood-chopper, untaught in schools, whose axe, with which he cuts two and a half cords a day and would sell for one dollar, by accident is nicked, so that he could cut daily but two and a quarter cords, and which axe with the nick would now bring but ninety cents, he would not say, I shall hereafter, for an indefinite time, lose not only one-fourth of a cord daily, but, when I sell my axe, lose, in its decreased value, ten cents besides. He would either sell the axe for ninety cents and buy a new one for a dollar, or pay out ten cents to have the nick ground away. He would feel sure that his whole loss was this impairment of his capital. Not some vast sum that might, in the far future, result from adding to the ten cents, interest compounded annually at current rates, but ten cents and no more.

Should a stock, valued at, and costing its holder, one hundred thousand dollars, and paying five per cent. dividends, drop its dividends to four and a half per cent., and the value of the stock in consequence permanently fall to ninety thousand dollars, the holder (if not an "economist") would, I am sure, debit "Profit and Loss" with ten thousand dollars, and in listing his assets thereafter count that stock at ninety thousand dollars (on which value the dividends would now amount to five per cent.). That is to say, he would feel certain that he had met with *one* loss only,—*id est*, ten thousand dollars.

Yet simple in appearance as these problems may be, to the "thinkers" in our great schools they border on the unsolvable. And of these "thinkers" I can present no more brilliant an example than that of Professor Edwin R. A. Seligman, Ph.D., of Columbia, especially as it is he who, in February, 1891, in a letter to the *Standard*, of New York City, thus wafts away the fog in which "Wood-chopper" and "Stockholder" are involved:

"Secondly, you take exception to my proof that the single tax

would cause a *double* loss to existing land-owners. . . . Permit me to set you right. What I maintained was, that if an exclusive tax, of say ten per cent., were imposed on the dividends of a class of corporations which before the tax were paying five per cent. on stock quoted at par, this would leave the stockholders only four and a half per cent., which would reduce the price of the stock to ninety. The facts you accept; the conclusion you deny. But your denial is founded on a complete misconception. You say that 'when the periodical loss is capitalized into a gross sum, that sum is the total loss.' But right here you make your mistake. If I had an income of five thousand dollars a year, and now, because of the tax, get only four thousand five hundred dollars a year, I lose five hundred dollars a year. If, at the end of the year or term of years, I sell the stock, I get only ninety thousand dollars, instead of one hundred thousand dollars, and therefore lose ten thousand dollars,—that is, I have lost not only five hundred dollars interest every year, but also ten thousand dollars capital, when I finally sell. The new purchaser, of course, loses nothing, because four thousand five hundred dollars on ninety thousand dollars is five per cent. on the investment, just as five thousand dollars is five per cent. on one hundred thousand dollars. . . . But the trouble is that the original owner paid one hundred and not ninety for his stock. While he owns the stock he gets four and a half, not five, as long as he owns it, losing interest every year, and when he sells it, loses the capitalized value of this decrease of interest. But, in the mean time, he has lost the interest also. Kindly note the distinction between the original holder and the new purchaser."

"Let me say further that this doctrine of mine is by no means a new one. What I complain of is the ignorance of your Single Tax men on the Science of Finance. The doctrine presented above is known as 'The Capitalization Theory of Incidence,' or, as applied to land, is sometimes called 'The Rent-charge Theory.' If you desire to study it a little more in detail, permit me to refer you to a few works\* on the science of finance; such as Schaffle, 'Grundsätze der Stenerpolitik,' pp. 176-190; or Rau 'Finanzwissenschaft,' vol. ii. pp. 22-27; or Pantaleoni, 'Traslazione del Tributi,' pp. 168-183. Here, as well as in countless other works, you will find the theory plainly set forth."†

The whole literature of "economics" is a denial of George's dictum that it is the simplest of the sciences. It will be sufficient however to present a single illustration from one who stands at

\* These problems evidently are far beyond the powers of any *one* "economist," or even groups of economists in any one country. They call for the combined wisdom of the economic world.

† It is hard to believe that even Professor Seligman can have more than tasted *all* the books referred to; but he has swallowed enough of this literature to be admirably called "The Economic Cormorant."



the apex of authority,—Professor Alfred Marshall, of the University of Cambridge, in his “Principles of Economics.” He is dealing with the subject of “Discounting the future” in the gratification of desire. This requires not only pages of text with elaborate foot-notes, but is further clarified, and his conclusions made certain by being reduced to mathematical form in Note 1 of the appendix (the simplest of thirty-five in that appendix). It reads, “Let  $h$  be a pleasure of which the probability is  $p$ , and which will occur, if it all, at time  $t$ ; let  $r$  be the rates of interest per unit which must be added to present pleasures before comparing them to future, and let  $R = 1 + r$ ; then the present value of the pleasure is  $phR^{-t}$ .”

“If  $\bar{\omega}$  be the probability that an element of happiness  $\Delta h$  a person will derive from the possession of, say, a piano in the element of time  $\Delta t$ , then the present value of the piano to him is

$\int_0^t \bar{\omega} R^{-t} \frac{dh}{dt} dt$ . If we are to include all the happiness that results from the event at whatever distance of time we must take  $t = \infty$ .

If the source of pleasure is in Bentham’s phrase ‘impure,’  $\frac{dh}{dt}$  will probably be negative for some values of  $t$ ; and of course the whole value of the integral may be negative.”

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The first volume of Professor Marshall’s book, of seven hundred and fifty pages octavo, was published in 1890. The second has not yet appeared. It is understood that, taking a hint from Jevons,\* he found the subject of “Commercial Panics” so related to the constitution of the universe, that, for some years, he abandoned himself to the study of the Principia, and of the Mécanique Céleste. And later, finding that the laws of “distribution” are involved in, and must be studied in the Aryan migrations, he has, under his friend Max Müller, devoted three years to Sanscrit.

His first volume, as may be seen from my quotation, though intricate, is yet comprehensible to the laity. The second, addressed to “acute thinkers” only, will (although Marshall inclines to the Arabic) probably be issued in Greek.

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\* Who endeavored to associate commercial panics with the periodicity of sun spots.

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